

**NEGOTIATED INDIRECT COST RATE AGREEMENT  
NONPROFIT ORGANIZATION**

**ORGANIZATION:**  
**ABC Organization**  
 1201 12<sup>th</sup> Street, N.W.,  
 Washington, D. C. 20210

**DATE:** August 23, 2004  
**FILE REF:** This replaces  
 the agreement dated  
 April 15, 2003

The rates approved in this Agreement are for use on grants, contracts, and other agreements with the Federal Government to OMB Circular No. A-122 (2 CFR Part 230) applies, subject to the conditions in Section II, A, below. The rates were negotiated by ABC Organization and the U.S. Department of Labor in accordance with the authority contained in Attachment A, Section E.2 (a), of the Circular.

**SECTION I: RATES**

<u>TYPE</u>	<u>EFFECTIVE PERIOD</u>		<u>RATE</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
	<u>FROM</u>	<u>TO</u>			
<b>INDIRECT COST:</b>					
Final	7/1/00	6/30/01	7.74%	All	All Programs
Final	7/1/01	6/30/02	9.24%	All	All Programs
Provisional	7/1/02	6/30/03	8.75%	All	All Programs
Provisional	7/1/03	6/30/05	9.00%	All	All Programs

**(SEE SPECIAL REMARKS)**

**BASE:**

Total direct costs excluding capital expenditures (buildings, individual items of equipment; alterations and renovations), and that portion of each sub-award in excess of \$25,000.

**TREATMENT OF FRINGE BENEFITS:**

Fringe benefits are specifically identified to each employee and are charged individually as direct or indirect costs (as applicable).

**TREATMENT OF PAID ABSENCES:**

Sick leave, holiday, and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for these absences are not made. Vacation pay is accrued and charged the same as other fringe benefits.

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## SECTION II: GENERAL

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- A. **LIMITATIONS:** Use of the rate(s) contained in the Agreement is subject to all statutory or administrative limitations and is applicable to a given grant or contract only to the extent that funds are available. Acceptance of the rate(s) agreed to herein is predicated upon the following conditions:
- (1) that no costs other than those incurred by the grantee/ contractor or allocated to the grantee/contractor via an approved central service cost allocation plan were included in its indirect cost pool as finally accepted and that such incurred costs are legal obligations of the grantee/ contractor and allowable under the governing cost principles,
  - (2) that the same costs that have been treated as indirect costs have not been claimed as direct costs,
  - (3) that similar types of costs have been accorded consistent treatment, and
  - (4) that the information provided by the grantee/contractor which was used as a basis for acceptance of the rate(s) agreed to herein is not subsequently found to be materially inaccurate.

The elements of indirect cost and the type of distribution base(s) used in computing provisional rates are subject to revision when final rates are negotiated. Also, the rates cited in this Agreement are subject to audit.

- B. **CHANGES:** The grantee/contractor is required to provide written notification to the indirect cost negotiator prior to implementing any changes which could affect the applicability of the approved rates. Changes in the indirect cost recovery plan, which may result from changes such as the method of accounting or organizational structure, require the prior written approval of the Division of Cost Determination (DCD). Failure to obtain such prior written approval may result in cost disallowance.
- C. **NOTIFICATION TO FEDERAL AGENCIES:** A copy of this document is to be provided by this organization to other Federal funding sources as a means of notifying them of the Agreement contained herein.
- D. **PROVISIONAL-FINAL RATES:** The grantee/contractor must submit a proposal to establish a final rate within six months after their fiscal year end. Billings and charges to federal awards must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not cover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.

Indirect costs allocable to a particular award or other cost objective may not be shifted to other Federal awards to overcome funding deficiencies to avoid restrictions imposed by law or by the terms of the award.

E. **SPECIAL REMARKS:**

1. Indirect costs charged to Federal grants/contracts by means other than the rate(s) cited in this Agreement should be adjusted to the applicable rate(s) cited herein and be applied to the appropriate base to identify the proper amount of indirect costs allocable to the program.
2. Contracts/grants providing for ceilings as to the indirect cost rate(s) or amount(s) which are indicated in Section I above, will be subject to the ceilings stipulated in the contract or grant agreements. The ceiling rate or the rate(s) cited in this Agreement, whichever is lower, will be used to determine the maximum allowable indirect cost on the contract or grant agreement.
3. Administrative costs consist of all **Direct** and **Indirect** costs associated with the management of an organization's programs. Organizations should refer to their contracts/grants terms and specific program legislation for the applicable definition of Administrative Costs and any related limitations.
4. The indirect cost pool consists of its allocable share of the following administrative expenses (all costs identifiable to a specific contract or grant must be charged directly):
  - 1) Salaries:
    - a. 100% indirect- President, Executive Director, Administrative Assistant, Personnel Staff, Office Services, Accounting, Network Support, Receptionist.
    - b. The remaining salaries are charged either to direct or indirect costs by individual time sheets.
  - 2) Employee fringe benefits for indirect employees- FICA, Unemployment Insurance, Workers Compensation, health insurance, pension, long term disability, and life insurance. Vacation pay is accrued and charged like other fringe benefits.
  - 3) Professional fees & contract services
  - 4) Supplies & materials
  - 5) Telephone
  - 6) Postage and shipping
  - 7) Occupancy
  - 8) Rental & maintenance of equipment
  - 9) Printing & publication, visual aids

- 10) Travel
- 11) Training and educational assistance costs
- 12) Depreciation and amortization costs

**ACCEPTANCE**

**BY THE ORGANIZATION:**

**ABC Organization**  
 (Grantee/Contractor)

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Name)

\_\_\_\_\_  
 (Title)

\_\_\_\_\_  
 (Date)

**BY THE COGNIZANT AGENCY  
 ON BEHALF OF THE FEDERAL  
 GOVERNMENT:**

**U.S. DEPARTMENT OF LABOR**  
 (Government Agency)

\_\_\_\_\_  
 (Signature)

Victor M. Lopez  
 \_\_\_\_\_  
 (Name)

Chief  
 Division of Cost Determination  
 \_\_\_\_\_  
 (Title)

August 23, 2004  
 \_\_\_\_\_  
 (Date)

Negotiated By: Victor M. Lopez  
 Telephone No.: 202-693-4100